

# CITY OF LODI

## COUNCIL COMMUNICATION

AGENDA TITLE: Contract Award for Printed Envelopes, 1999 Requirements (\$11,892.21)  
MEETING DATE: January 20, 1999  
PREPARED BY: Finance Director

RECOMMENDED ACTION: That the City Council adopt the attached resolution awarding a contract to produce and deliver printed envelopes, as required by the City during calendar year 1999, to the 1997-98 contractor, Envelope Products Company of Vallejo, in the amount of \$11,892.21.


BACKGROUND INFORMATION: In March, 1997, the City Council awarded the 1997 envelope contract to Envelope Products Company (EPC), the low bidder at \$16,098.39. The award has been an excellent one for the City, as Envelope Products produces a high-quality product while maintaining an excellent service and reliability rating.

During 1997, the State of California awarded Envelope Products Company a contract under the California Multiple Awards Schedule (CMAS), and several of the City's envelopes qualified for CMAS pricing. When comparing the CMAS prices to the City's 1997 contract pricing with EPC, staff found that the City could realize savings on four of the City's twelve envelopes if purchased under CMAS. In 1998, staff asked EPC for the lowest prices of both contracts, and the supplier agreed. On January 21, 1998, the City Council adopted Resolution 98-12 authorizing purchase of four sizes of envelopes from EPC under CMAS, and an extension of the 1997 agreement with EPC for the other eight envelopes. This action reduced the 1998 total cost of envelopes to the City by about 5% compared to 1997. Envelope Products has now agreed to extend 1997-98 pricing for eight of the City's envelopes through calendar year 1999. CMAS pricing will apply for three others. The cost of the #10 Window (City Letterhead) will increase from \$19.29 to \$19.91 per thousand, as its volume no longer qualifies for CMAS pricing. This increase will add \$6.20 to the total annual cost for this envelope.

Lodi City Code Section 3.20.070 provides that bidding may be dispensed with when the City Council determines that the method of purchase would be in the best interest of the City. Considering the continued low cost (still 4.55% below 1997), savings realized by dispensing with the bidding process, and the supplier's track record for the past two years, it is staff's recommendation that the City Council approve this award.

Envelopes will be ordered and paid for periodically during the year as needed by various City departments. Exhibits A and B (attached) show the projected 1999 volumes, delivery schedule, and price comparisons.

FUNDING: Each department budgets annually for printing requirements, and funding for the purchase of envelopes is included in those budgeted amounts.

  
Vicky McAthie, Finance Director

Prepared by Joel Harris, Purchasing Officer

APPROVED: \_\_\_\_\_


  
H. Dixon Flynn -- City Manager

EXHIBIT A  
City of Lodi  
Printed Envelopes  
1999 Projected Delivery Schedule

<u>Envelope Description</u>	<u>Estimated 1999 Req.</u>	<u>Jan.</u>	<u>Feb.</u>	<u>Mar.</u>	<u>April</u>	<u>May</u>	<u>June</u>	<u>July</u>	<u>August</u>	<u>Sept.</u>	<u>Oct.</u>	<u>Nov.</u>	<u>Dec.</u>
Spec. Window Bus. Lic.	5,000	-	-	-	-	-	-	-	-	-	5,000	-	-
#9 Regular, Utility Payment	225,000	-	-	-	75,000	-	-	75,000	-	-	75,000	-	-
#9 Regular, Delinq. Paymt	25,000	-	-	-	-	12,500	-	-	-	-	-	12,500	-
#10 Regular, Letterhead	10,000	-	-	-	-	-	-	-	5,000	-	-	-	5,000
#10 Regular, Police	10,000	-	-	-	-	5,000	-	-	-	-	-	5,000	-
#10 Regular, Parks/Rec.	10,000	-	-	-	-	-	5,000	-	-	-	-	-	5,000
#10 Window, Utility Bill	225,000	-	-	-	75,000	-	-	75,000	-	-	75,000	-	-
#10 Window, Delinq. Bill	25,000	-	-	-	-	12,500	-	-	-	-	-	12,500	-
#10 Window, Accts Payable	20,000	-	-	-	10,000	-	-	-	-	10,000	-	-	-
#10 Window, Letterhead	10,000	-	-	-	5,000	-	-	-	-	5,000	-	-	-
#10 Window, Police	10,000	-	-	-	-	-	5,000	-	-	-	-	-	5,000
#10 Window, Library	10,000	-	-	5,000	-	-	-	-	-	5,000	-	-	-

## EXHIBIT B

PRINTED ENVELOPES  
VOLUME / PRICE COMPARISONS  
1999 vs. 1997

Envelope Description	1997		1999	
	Volume	Price/M	Volume	Price/M
Spec. Window-Bus. Lic. Appl.	5,000	\$59.75	5,000	\$59.75
#9 Regular, Utility Payment	300,000	\$18.80	225,000	\$17.08*
#9 Regular, Delinq Utility Payment	25,000	\$21.53	25,000	\$21.53
#10 Regular, City Letterhead	45,000	\$17.55	10,000	\$17.55
#10 Regular, Police Letterhead	10,000	\$17.55	10,000	\$17.55
#10 Regular, Parks & Rec Letterh'd	10,000	\$17.55	10,000	\$17.55
#10 Window, Utility Bill	300,000	\$20.05	225,000	\$18.99*
#10 Window, Delinquent Utility Bill	25,000	\$23.22	25,000	\$23.22
#10 Window, Accounts Payable	10,000 (#9)	\$19.91	20,000	\$18.99*
#10 Window, City Letterhead	10,000	\$22.95	10,000	\$19.91
#10 Window, Police Letterhead	5,000	\$19.91	10,000	\$19.91
#10 Window, Library	10,000	\$19.91	10,000	\$19.91
Total Annual Volumes	755,000		585,000	(-22.5%)
Total Cost (before tax)		\$14,940.50		\$11,036.85 (-26.1%)
Average Unit Cost (before tax)		\$.0198		\$.0189 (-4.55%)
Total Annual Cost		\$16,098.39		\$11,892.21 (-26.1%)

\*CMAS Prices

Explanation of volume reductions:

#9 Regular Utility Payment and #10 Window Utility Bill: Average monthly usage is about 23,000 each. With deliveries of 75,000 each every 3 months, over a year's time we will accumulate about a month's supply, and can then defer a delivery by about a month. 1999 deferral will be in March, resulting in only three deliveries of 75,000 each this year (see Exhibit A).

#10 Regular City Letterhead: Reflects apparent increased usage of e-mail and FAX transmittals.

RESOLUTION NO. 99-02

A RESOLUTION OF THE LODI CITY COUNCIL  
AWARDING THE BID FOR PRINTED ENVELOPES

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WHEREAS, Lodi Municipal Code, §3.20.070, authorizes dispensing with bids for purchases of supplies, services or equipment when it is in the best interests of the City to do so; and

WHEREAS, in March 1997, the City Council awarded the 1997 envelope contract to Envelope Products Company, which is an excellent company that produces a high-quality product, and their services and reliability ratings have been outstanding; and

WHEREAS, during 1997, the State of California has awarded Envelope Products Company a contract under the California Multiple Awards Schedule (CMAS) through the Department of General Services, and several of the City's envelopes now qualify for the CMAS pricing; and

WHEREAS, the City of Lodi currently orders twelve different envelopes and Envelope Products Company has agreed to provide CMAS pricing on the four envelopes where price reduction was available, and an extension through 1998 the 1997 contract prices for three envelopes not covered by CMAS, and five envelopes on which pricing favored the City, thus reducing the 1998 average cost of envelopes by approximately five percent (5%) compared to 1997; and

WHEREAS, Envelope Products has now agreed to extend 1997-98 pricing for eight of the City's envelopes through calendar year 1999, and CMAS pricing will apply for three other envelopes, with the cost of the twelfth envelope increasing slightly, adding \$6.20 to the total annual cost for this envelope; and

WHEREAS, staff recommends awarding the contract to produce and deliver printed envelopes, as required by the City during calendar year 1999 to Envelope Products Company of Vallejo, California.

NOW, THEREFORE, BE IT RESOLVED by the Lodi City Council that the award of the bid for Printed Envelopes for the 1999 calendar year, be and is hereby awarded to Envelope Products Company of Vallejo, California in the amount of \$11,892.21.

Dated: January 20, 1999

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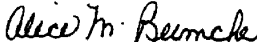
I hereby certify that Resolution No. 99-02 was passed and adopted by the City Council of the City of Lodi in a regular meeting held January 20, 1999, by the following vote:

AYES: COUNCIL MEMBERS – Hitchcock, Mann, Nakanishi, Pennino and Land (Mayor)

NOES: COUNCIL MEMBERS – None

ABSENT: COUNCIL MEMBERS – None

ABSTAIN: COUNCIL MEMBERS – None

  
ALICE M. REIMCHE  
City Clerk